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THE Farm Income SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
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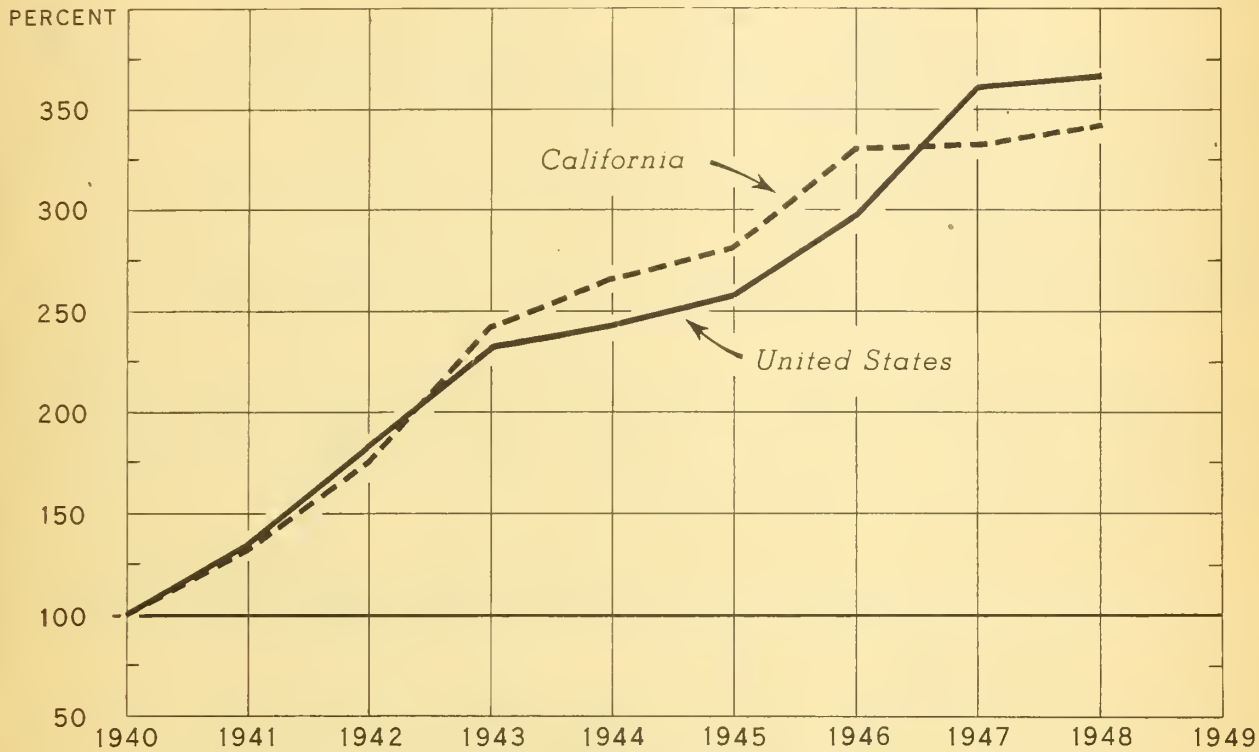
CASH RECEIPTS FROM FARM MARKETINGS IN CALIFORNIA AND THE UNITED STATES, 1940-48*

INDEX NUMBERS (1940=100)



*1948 DATA ARE PRELIMINARY AND INCLUDE A FORECAST FOR THE MONTH OF DECEMBER

U. S. DEPARTMENT OF AGRICULTURE NEG. 46997 BUREAU OF AGRICULTURAL ECONOMICS

As compared with prewar levels, cash receipts from farm marketings in the years 1943-46 were relatively higher in California than in the United States as a whole. Since then, however, the situation has been reversed. Some of the factors underlying these differences are discussed in this issue.

PRELIMINARY ESTIMATES FOR DECEMBER AND FOR THE FULL YEAR, JANUARY-DECEMBER, 1948

It now seems fairly certain that farmers' cash receipts from marketings during 1948 will total slightly larger than last year--instead of slightly smaller as expected several months ago. Receipts in the last few months have been consistently below corresponding months a year earlier, but not enough so to offset previous gains.

Although cash receipts may be a little higher, farmers' production expenses have increased considerably more, and their realized net income in 1948 will be down from 1947.

January-December

Farmers' cash receipts in 1948 will probably total around 30.8 billion dollars as compared with last year's total of 30.2 billion dollars. The total volume of marketings will be slightly smaller than last year, but average prices for the year as a whole will be a little higher.

Crop receipts are a little below last year; and the gain in total receipts in 1948 will be due to an increase of about 5 percent in cash receipts from livestock and products. Sales of most livestock and livestock products have been running a little lower than 1947 throughout the year, but the decline in marketings has been more than offset by price increases.

Cash receipts from meat animals will be up slightly. The total volume of all meat animals sold in 1948 is about 7 percent below 1947. Prices of meat animals, however, are up about 9 percent. Prices of cattle and calves average 20 to 25 percent higher than last year, sheep and lambs 10 to 15 percent higher, and hogs 3 percent lower.

Receipts from dairy products in 1948 will be about 10 percent above last year. Total milk production is down about 3 percent, but milk prices are averaging about 12 percent higher. Receipts from poultry and eggs will be about 5 percent greater than last year. A marked decrease in sales of chickens and turkeys reflects a corresponding reduction in numbers raised. Sales of eggs show little change, as a reduction in number of layers is about offset by increased egg production per layer. Prices of eggs and poultry, however, are above last year, especially those of turkeys.

Farmers will receive about 2 percent less money from crop sales in 1948 than they received last year. Receipts from corn are down, partly because of relatively small marketings during the first half of the year, and partly because of declining prices during the latter half. Lower marketings of tobacco have not been quite offset by slightly higher prices, and growers are receiving less money from tobacco than they received last year. Cash receipts from fruits are also below last year's receipts. Most of the decline is due to lower average prices as production of total fruit changed very little. A decline in production of noncitrus fruits was about offset by increased production of citrus fruits.

Vegetable growers are receiving about as much money as last year. Prices of potatoes and sweetpotatoes are averaging higher than in 1947, but prices of other vegetables are lower. Cash receipts from truck crops for processing are down substantially as the quantity of crops used for this purpose is smaller than that used last year. This decline is not entirely offset by an increase in receipts from the sale of fresh vegetables; but growers are also getting more money from potatoes.

Receipts from wheat are probably about the same as last year's receipts. Total marketings of wheat this year, including loans, are probably enough above those of last year to offset lower prices. The large 1948 cotton crop is moving to market at prices that are only a little below the prices of last year. Although regular sales of cotton may be no greater this year than last, the quantity going under loan is much larger; and total receipts from sales and loans combined will be above last year's receipts.

December

Farmers will probably receive about 2.6 billion dollars from sales and loans in December, or 7 percent less than last December. This will be the third month in a row in which total cash receipts will have been less than in the corresponding month of last year. The expected decline from last December will be primarily the result of lower average prices.

Cash receipts from livestock and products will be about 1.4 billion dollars, or 13 percent below December 1947. Prices of all livestock and livestock products combined may average slightly lower than a year ago, but the decline in receipts will be due mostly to smaller marketings. Cash receipts from meat animals may show a considerable drop from last December, because monthly receipts in 1947 increased contra-seasonally from November to December. Marketings of all classes of meat animals will be down noticeably from those of last year. Receipts from dairy products will probably be a little below last December because of lower prices. Receipts from poultry and eggs will be close to last year's level, however. Slightly increased egg production will be offset by lower prices, whereas a significant decline in sales of chickens and turkeys will be offset by higher prices.

Farmers may receive about 1.2 billion dollars from crop sales and loans in December, or practically the same as a year ago. Increases in receipts from wheat and cotton will be about offset by lower receipts from corn, tobacco, and vegetables. Although sales of corn will be larger than a year ago, prices are only about half what they were then. Receipts from tobacco will be a little lower than last December, as the crop is down. Although marketings of most vegetables are up, prices are considerably lower.

The large increases in receipts from wheat and cotton over last December will be due in part to the unusually large quantities that are going under loan to the Commodity Credit Corporation. These loans are counted as sales in determining farmers' monthly cash receipts. Their value will be deducted again later on to the extent that these loan crops are redeemed by farmers.

Table 1.- Cash receipts from farming, United States

Source	September		October		January-October	
	1947	1948	1947	1948	1947	1948
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.
Farm marketings and CCC loans 1/	3,103	3,127	3,807	3,707	24,098	24,984
Livestock and products	1,462	1,544	1,596	1,572	13,309	14,424
Meat animals	853	902	975	936	7,371	7,889
Dairy products	339	367	321	333	3,456	3,917
Poultry and eggs	248	254	278	282	2,300	2,433
Other	22	21	22	21	182	185
Crops	1,641	1,583	2,211	2,135	10,789	10,560
Food grains	304	298	295	367	2,411	2,579
Feed crops	220	126	161	150	1,848	1,484
Cotton (lint & seed)	361	411	631	580	1,513	1,619
Oil-bearing crops	84	91	420	382	706	703
Tobacco	167	192	172	151	776	750
Vegetables	250	241	237	213	1,655	1,675
Fruits & tree nuts	159	136	182	176	1,141	1,050
Other	96	88	113	116	739	700
Government payments	10	5	11	7	285	273
Total cash receipts	3,113	3,132	3,818	3,714	24,383	25,257

Table 2.- Index numbers of cash receipts from farm marketings and CCC loans, physical volume of farm marketings, and prices received by farmers, United States (1935-39=100)

Item	Sept.		Oct.		Jan.-Oct.	
	1947	1948	1947	1948	1947	1948
Cash receipts from farm marketings and CCC loans 1/:						
All commodities	467	471	573	558	363	375
Livestock and products	386	407	421	415	351	381
Crops	575	554	774	747	378	371
Physical volume of farm marketings:						
All commodities	175	170	204	206	142	138
Livestock and products	145	135	158	146	142	138
Crops	214	215	265	286	141	138
Prices received by farmers:						
All commodities	266	270	269	258	256	270
Livestock and products	270	294	268	277	248	276
Crops	262	239	270	234	266	264

1/ Receipts from loans represent value of loans minus value of redemptions during the month.

Table 3. - Cash receipts from farm marketings, by States,

October 1947-48

State and region	Livestock and products		Crops		Total	
	1947	1948	1947	1948	1947	1948
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	5,279	5,604	10,560	12,158	15,839	17,762
New Hampshire	4,546	4,871	1,769	1,698	6,315	6,569
Vermont	7,979	8,516	2,203	2,309	10,182	10,825
Massachusetts	11,023	11,236	9,389	10,692	20,412	21,928
Rhode Island	1,446	1,515	825	1,006	2,271	2,521
Connecticut	8,661	9,905	3,042	5,137	11,703	15,042
New York	51,175	53,090	37,493	35,830	88,668	88,920
New Jersey	15,883	17,227	11,671	11,034	27,554	28,261
Pennsylvania	48,595	51,328	18,733	16,325	67,328	67,653
North Atlantic Region	154,587	163,292	95,635	96,189	250,272	259,481
Ohio	60,022	59,248	51,469	42,451	111,491	101,699
Indiana	65,187	64,009	66,858	53,270	132,045	117,279
Illinois	92,827	91,301	146,503	128,238	239,330	219,539
Michigan	40,245	39,953	38,301	31,576	78,546	71,529
Wisconsin	82,883	81,274	12,814	12,685	95,697	93,959
East North Central Region	341,164	335,785	315,945	268,220	657,109	604,005
Minnesota	86,250	82,378	65,992	54,016	152,242	136,394
Iowa	150,108	142,854	59,349	61,671	209,457	204,525
Missouri	87,353	86,353	47,448	63,601	134,801	149,954
North Dakota	27,505	24,181	89,076	84,931	116,581	109,112
South Dakota	35,747	32,106	35,921	30,577	71,668	62,683
Nebraska	56,453	53,875	32,020	39,743	88,473	93,618
Kansas	56,896	54,360	54,499	88,946	111,395	143,306
West North Central Region	500,312	476,107	384,305	423,485	884,617	899,592
Delaware	5,371	6,999	1,780	1,443	7,151	8,442
Maryland	12,547	15,093	5,679	5,098	18,226	20,191
Virginia	22,110	23,687	32,334	43,307	54,944	66,994
West Virginia	9,738	9,977	3,386	3,156	13,124	13,133
North Carolina	11,422	11,592	174,974	139,130	186,396	150,722
South Carolina	5,471	5,877	48,065	35,800	53,536	41,677
Georgia	15,657	15,962	79,368	82,223	95,025	98,185
Florida	8,633	9,023	23,018	19,045	31,651	28,068
South Atlantic Region	90,949	98,210	369,104	329,202	460,053	427,412
Kentucky	36,454	35,361	7,769	6,246	44,223	41,607
Tennessee	22,719	22,525	39,972	48,277	62,691	70,802
Alabama	11,839	12,225	79,500	81,744	91,339	93,969
Mississippi	10,926	10,777	104,345	105,830	115,771	116,607
Arkansas	14,293	14,603	112,959	118,593	127,252	133,196
Louisiana	9,679	9,923	48,442	45,319	58,121	55,242
Oklahoma	33,068	31,634	40,102	56,616	73,170	88,250
Texas	84,225	81,454	197,719	143,647	281,944	225,101
South Central Region	223,253	213,502	631,308	606,272	854,561	824,774
Montana	38,680	37,126	24,386	28,355	63,066	65,481
Idaho	12,465	12,273	30,123	26,628	42,588	38,901
Wyoming	31,220	29,285	10,647	8,812	41,867	38,097
Colorado	43,519	41,134	32,641	32,135	76,160	73,269
New Mexico	30,241	30,152	17,416	11,494	47,657	41,646
Arizona	7,459	7,783	14,936	8,362	22,395	16,145
Utah	12,749	12,201	6,562	6,119	19,311	18,320
Nevada	6,047	5,789	859	703	6,906	6,492
Washington	17,977	17,633	60,673	73,171	78,650	90,804
Oregon	18,808	18,589	26,234	33,667	45,042	52,256
California	67,023	68,388	189,432	181,548	256,455	249,936
Western Region	286,188	280,353	413,909	410,994	700,097	691,347
United States	1,596,453	1,572,249	2,210,256	2,134,362	3,806,709	3,706,611

Table 4.- Cash receipts from farm marketings, by States,

January-October 1947-48

State and region	Livestock and products		Crops		Total	
	1947	1948	1947	1948	1947	1948
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	50,557	55,370	89,524	89,962	140,081	145,332
New Hampshire	40,127	44,207	12,818	11,564	52,945	55,771
Vermont	77,902	89,509	19,951	17,156	97,853	106,665
Massachusetts	96,989	106,507	57,302	62,440	154,291	168,947
Rhode Island	12,732	13,762	5,063	5,537	17,795	19,299
Connecticut	72,775	81,800	51,357	56,384	124,132	138,184
New York	476,337	547,933	247,046	249,168	723,383	797,101
New Jersey	141,134	153,971	113,723	118,299	254,857	272,270
Pennsylvania	458,231	511,201	187,588	195,906	645,819	707,107
North Atlantic Region	1,426,784	1,604,260	784,372	806,416	2,211,156	2,410,676
Ohio	558,924	606,763	248,131	243,509	807,055	850,272
Indiana	608,734	636,778	247,061	233,912	855,795	870,690
Illinois	896,988	952,711	623,254	542,926	1,520,242	1,495,637
Michigan	365,338	396,999	217,660	211,117	582,998	608,116
Wisconsin	742,727	851,904	121,537	123,429	864,264	975,333
East North Central Region	3,172,711	3,445,155	1,457,643	1,354,893	4,630,354	4,800,048
Minnesota	751,409	815,512	334,341	311,866	1,085,750	1,127,378
Iowa	1,481,081	1,611,825	396,261	251,776	1,877,342	1,863,601
Missouri	686,334	743,990	173,886	199,381	860,220	943,371
North Dakota	146,454	156,030	440,909	446,112	587,363	602,142
South Dakota	309,923	325,763	252,665	207,986	562,588	533,749
Nebraska	551,535	594,166	349,491	284,063	901,026	878,229
Kansas	490,373	483,028	555,589	551,013	1,045,967	1,034,041
West North Central Region	4,417,114	4,730,314	2,503,142	2,252,197	6,920,256	6,982,511
Delaware	58,548	76,793	15,240	14,776	73,788	91,569
Maryland	121,480	140,374	83,342	72,397	204,822	212,771
Virginia	167,677	187,348	145,516	165,475	313,193	352,823
West Virginia	71,668	71,861	23,341	21,335	95,009	93,196
North Carolina	113,147	121,159	467,914	505,035	581,061	626,194
South Carolina	53,003	57,023	219,279	207,051	272,282	264,074
Georgia	123,921	133,079	271,598	273,603	395,519	406,682
Florida	73,923	77,679	208,747	194,985	282,670	272,664
South Atlantic Region	783,367	865,316	1,434,977	1,454,657	2,218,344	2,319,973
Kentucky	232,650	247,956	189,495	131,619	422,145	379,575
Tennessee	193,500	208,099	168,133	168,492	361,633	376,591
Alabama	98,545	110,222	190,538	197,828	289,083	308,050
Mississippi	96,563	105,676	263,095	271,150	359,658	376,826
Arkansas	126,594	150,211	251,362	246,019	377,956	396,230
Louisiana	85,563	89,633	155,628	193,857	241,191	283,490
Oklahoma	284,971	300,235	245,155	289,982	530,126	590,217
Texas	672,143	742,336	840,962	856,598	1,513,105	1,598,934
South Central Region	1,790,529	1,954,368	2,304,368	2,355,545	4,094,897	4,309,913
Montana	139,307	148,969	156,482	180,550	295,789	329,519
Idaho	115,617	127,453	153,756	145,378	269,373	272,831
Wyoming	90,169	89,984	28,379	28,087	118,548	118,071
Colorado	208,579	221,230	193,654	189,168	402,237	410,398
New Mexico	78,401	83,216	50,614	45,239	129,015	128,455
Arizona	54,958	58,235	85,280	92,057	140,238	150,292
Utah	81,570	86,566	37,024	42,274	118,594	128,840
Nevada	32,683	32,220	4,474	4,184	37,157	36,404
Washington	157,589	172,930	319,705	316,294	477,294	489,224
Oregon	133,930	143,671	158,946	178,422	292,876	322,093
California	624,720	661,091	1,116,005	1,114,569	1,740,725	1,775,660
Western Region	1,717,523	1,825,565	2,304,319	2,336,222	4,021,842	4,161,787
United States	13,308,028	14,424,978	10,783,821	10,559,930	24,096,849	24,984,908

CASH RECEIPTS FROM FARM MARKETINGS IN CALIFORNIA

California provides an important part of the total agricultural output of the United States. This can be said also of some other States; but California probably has a wider variety of agricultural production than has any other State. With the principal exception of tobacco, it produces significant quantities of practically all important commodities that are to be found elsewhere in the country.

Despite this diversity, however, California farmers depend heavily upon income from fruits--more so, in fact, than farmers in any other State except Florida. As the cover chart shows, cash receipts in California over the last few years have shown a considerable divergence from the general average for the United States. A brief discussion and analysis of the trends underlying these differences may be worth while.

During the 8 years between 1940 and 1948, California farmers realized steadily increasing returns, as did farmers in other parts of the country. In 1940, California farmers took in 651 million dollars from farm marketings, or 7.8 percent of the national total; in 1948 they will probably receive around 2,230 million dollars, or 7.2 percent of the United States total. Although these farmers will receive about 3.4 times as much from the sale of farm products in 1948 as in 1940, the total percentage gain for the 8- year period is not so great for California as for the country as a whole. From 1941 through 1946, the steady and substantial gains in cash receipts of farmers in California were about as large as the gains in cash receipts for the entire country, and sometimes considerably larger on a percentage basis. And in 1946, California farmers received 3.3 times as much from the sale of farm products as they received in 1940, whereas farmers in the country as a whole received less than three times as much. In 1947, however, the situation was reversed. Cash receipts in California went up only very slightly from the 1946 level, whereas, in the entire country they rose 21 percent. California farmers again received 3.3 times as much as in 1940. But total cash receipts in the United States were 3.6 times their 1940 level.

Table 5 shows cash receipts in California by commodity groups during these years, including tentative estimates for 1948. With increases in both prices and quantities marketed, receipts from all the major livestock groups showed substantial gains in almost every year. This has been true also of most of the crop groups, with the notable exception of 1947, when declines in receipts from fruits and food grains resulted in a drop in total crop receipts.

Table 6 is calculated to bring out both similarities and differences between California and the United States with respect to recent trends in cash receipts. It contrasts percentage changes by commodity groups between 1940 and 1946, and also between 1946 and 1947. In general, these changes were rather similar for the various commodity groups, and they differed significantly in the totals primarily because of differences in the relative importance of some commodities in California as compared with the country as a whole.

Thus, for the livestock groups, changes in Claifornia and the United States between 1940 and 1946 were roughly similar, and the percentage increase in the livestock total was actually a little smaller in California. This was more than offset, however, by a larger-than-average increase in crop receipts for California.

Among the crop groups, cash receipts from food grains, feed crops, and cotton all increased relatively more in California than in the United States; and a sevenfold gain in receipts from rice between 1940 and 1946 is especially noteworthy. But even with the increases, these commodities remained a relatively minor part of California agriculture; and they were counterbalanced by the fact that California had no share in the larger-than-average increases for tobacco and oil-bearing crops.

In short, California's relative advantage during this earlier period arose almost entirely from its heavier emphasis on fruits. The relative increase in this category was actually a little smaller in California than in other parts of the country. But fruit prices and total cash receipts from fruits rose much more than did the general average of prices and cash receipts for all commodities during this period. And California received a large share of the increase.

From 1946 to 1947 there were some significant differences between California and the United States in relative changes by commodity groups. Again, however, fruit was the most important factor in the California situation, where total crop receipts were off 8 percent as compared with a rise of 23 percent for the country as a whole. Crop marketings in general and marketings of most fruits in California were fully as large in 1947 as in 1946; and the decline in total crop receipts was due almost entirely to lower prices for fruit.

Prices of most fruits climbed quite steadily from 1940 to 1946, but dropped severely in 1947. Prices of California oranges in 1947 averaged about two-thirds of their 1946 level. Prices of grapes in 1947 were down by more than half; peaches, a third; and prunes, about 40 percent from the year before. Lemon prices showed a gain of about a fifth; but lemons were one of the few important California fruits whose prices rose in 1947. The money farmers took in from the sale of these five fruits in 1947 represented more than 70 percent of the total for all fruits and nuts in California. Cash receipts from these five fruits and from all fruits and nuts combined were only about 70 percent as large as in 1946.

The growing importance of cotton as a contributor to total crop receipts in California should be mentioned as a partially offsetting factor to the decline in fruits. Receipts from cotton and cottonseed were only about 6 percent of total crop receipts in 1940 as compared with 10 percent in 1947. After a gradual decline from 1940 to 1944, totaling 40 percent, production of cotton increased rapidly to a 1947 level approximately 6 times that of 1944 and 260 percent above 1940. Prices increased steadily during the entire period. In 1948, with production a fourth greater than the year before and prices averaging a little higher, farmers in California will receive even a larger percentage of their total crop receipts from cotton and cottonseed.

Tentative estimates for 1948 indicate some further decline in cash receipts from California fruits and nuts. This is more than offset by increases for other commodities, however; and in balance, California will just about hold its own in comparison with the rest of the country. Total receipts from both livestock and crops will probably be a little larger than in 1947. Prices of milk, butter, chickens, and eggs are higher than last year; and receipts from dairy products and poultry and eggs are continuing their gradual rise. Cash receipts from meat animals may be around last year's level, as higher prices will probably offset lower marketings.

On the average, prices of most crops are higher than last year, and in many cases, production is also larger. However, prices of California fruit will probably average only slightly higher this year than in 1947; and with declines in production of some noncitrus fruits, California farmers may get a little less from fruits than they did last year. In other words, cash receipts from fruits in 1948 continue to depress total crop receipts. The cotton crop, on the other hand, shows another gain this year. And receipts from this large crop and from the better-than-average wheat crop will probably go far toward holding total crop receipts in California up to last year's level.

Table 5.- Cash Receipts from Farm Marketings in California, 1940-48
(In millions of dollars)

Item	1940	1941	1942	1943	1944	1945	1946	1947	1948 *
Total, all commodities	651	861	1,148	1,575	1,726	1,832	2,149	2,165	2,230
Livestock and products	232	291	380	461	489	561	619	752	785
Meat animals	88	106	139	157	167	202	217	316	308
Dairy products	91	114	143	174	189	198	241	259	285
Poultry and eggs	45	61	86	116	120	149	148	166	180
Other	8	10	12	14	13	12	13	11	12
Crops	419	570	768	1,115	1,237	1,271	1,530	1,413	1,445
Food grains	13	19	25	35	28	35	58	45	73
Feed crops	26	38	53	81	78	95	117	117	123
Cotton lint and seed	25	39	39	38	48	46	71	140	150
Oil-bearing crops	5	6	10	14	9	6	7	16	24
Vegetables	123	148	218	302	312	342	388	436	466
Fruits and nuts	197	290	380	594	700	679	815	566	528
Other	30	30	43	50	62	68	74	93	82

* Preliminary, including a forecast for the month of December.

Table 6.- Percentage change in cash receipts by commodity groups, California and the United States, 1940-46 and 1946-47

Commodity Group	1940-46		1946-47	
	California	U. S.	California	U. S.
	Percent	Percent	Percent	Percent
Total, all commodities	+230	+197	+1	+21
Livestock & products	+167	+180	+21	+20
Meat animals	+147	+194	+46	+32
Dairy products	+165	+146	+7	+9
Poultry and eggs	+229	+226	+12	+8
Other	+63	+49	-15	-6
Crops	+265	+222	-8	+23
Food grains	+346	+281	-22	+53
Feed crops	+350	+185	0	+40
Cotton lint & seed	+184	+126	+97	+53
Oil-bearing crops	+40	+460	+129	+38
Vegetables	+215	+204	+12	+8
Fruits and nuts	+314	+326	-31	-28
Tobacco	---	+295	---	+8
Other	+147	+143	+26	+20

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